

Message Text

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14

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CIAE-00 PM-04 INR-07 L-03

ACDA-05 NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06

TRSE-00 SAJ-01 DODE-00 H-02 NSC-05 FEA-01 CG-00

DOT-00 ERDA-05 AID-05 CEA-01 CIEP-01 COME-00 FPC-01

INT-05 OMB-01 SAM-01 OES-03 STR-04 DLOS-04 /104 W

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R 141613Z NOV 75

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 7037

SECDEF WASHDC

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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LIMITED OFFICIAL USE THE HAGUE 5852

E.O. 11652: N/A

TAGS: EAIR, EWWT, MASS, MILI, MMOL, NL, US

SUBJECT: DUTCH INTEREST IN COMPETING FREELY TO SELL EQUIPMENT TO
US AGENCIES

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REF: (A) THE HAGUE 5741; (B) STATE 266238

1. SUMMARY: DUTCH GOVERNMENT IS INTERESTED IN DRAWING ON USG GOODWILL FLOWING FROM F-16 PURCHASE TO PROMOTE SALE OF DUTCH EQUIPMENT TO USG ENTITIES (SUCH AS ADDITIONAL F-16 COMPONENTS AND AIRCRAFT) THROUGH COMPETITIVE BIDDING WITHOUT BUY AMERICAN PROVISIONS, AND ALSO IN OBTAINING USG BLESSING FOR DUTCH-BELGIAN-AMERICAN (GENERAL DYNAMICS) CONSORTIUM TO CONSTRUCT LIQUIFIED NATURAL GAS TANKERS WITH SOME EXIMBANK FINANCING AND FOR FREEDOM TO SELL DUTCH-BUILT OFFSHORE OIL DRILLING PLATFORMS TO U.S. FIRMS FOR DRILLING ON U.S. CONTINENTAL SHELF. WE BELIEVE DUTCH APPROACH IS PART OF A SERIOUS EFFORT TO DEVELOP TWO-WAY STREET ON MILITARY AND RELATED SALES. WE ALSO BELIEVE TENOR OF U.S. RESPONSE COULD HAVE IMPACT ON CURRENT AND FUTURE DUTCH ATTITUDE TOWARD PURCHASING U.S. EQUIPMENT (SEE REF A). AGAINST THIS BACKGROUND AND BASED ON FOLLOWING SUMMARY OF CURRENT DIALOGUE WE WOULD APPRECIATE EARLY GUIDANCE ON HOW TO RESPOND TO EACH OF SPECIFIC ISSUES AND ITEMS RAISED BY GON. END SUMMARY.

2. AIR COMMODORE MELIS (RETIRED), WHO HEADS MILITARY PROCUREMENT SALES SECTION OF MINISTRY OF ECONOMICS AFFAIRS, ON NOVEMBER 7 REVIEWED WITH DCM, MAAG AND EMBASSY OFFICERS GON INTEREST IN OBTAINING MORE BUSINESS IN THE U.S. HE CITED THREE F-16 COMPONENTS, FOKKER F-28 TRANSPORT AIRCRAFT, OSCILLOSCOPES, DIESEL ENGINES FOR SHIPS, VFW-614 PATROL AIRCRAFT, AND CONTROLLABLE PITCH SHIP PROPELLERS, AS ITEMS DUTCH COULD PROVIDE OFFICIAL USG ENTITIES, AS WELL AS LNG TANKERS AND OFFSHORE DRILLING PLATFORMS FOR PRIVATE SECTOR.

3. IN RESPONSE TO OBSERVATION THAT DUTCH GOODS WOULD HAVE TO BE COMPETITIVE AND THAT U.S. FIRMS MAKE THEIR OWN DECISIONS, MELIS SAID GON RECOGNIZED THIS AND WAS ONLY ASKING THAT DUTCH PRODUCERS BE PERMITTED TO BID COMPETITIVELY AND PREFERABLY WITHOUT FACING PROVISIONS OF BUY AMERICAN ACT. MELIS THEN SAID GON WAS VERY SERIOUSLY INTERESTED IN DETERMINING WHETHER THERE WOULD BE OBSTACLES TO SALES OF THE TYPE OF EQUIPMENT HE HAD DESCRIBED AND WOULD, THEREFORE, APPRECIATE SOME PRELIMINARY GUIDANCE FOR HIS CHIEF, DIRECTOR-GENERAL FOR INDUSTRY MOLKENBOER, WHO IS PLANNING TO VISIT THE U.S., LIMITED OFFICIAL USE

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PERHAPS AS EARLY AS NEXT MONTH, TO FOLLOW UP ON THE MOST PROMISING OF FOLLOWING LIST OF POSSIBILITIES FOR DUTCH FIRMS TO COMPETE DIRECTLY OR AS SUBCONTRACTOR TO U.S. SOURCE FOR

- (1) F-16 CARBON FIBER COMPONENTS
- (2) F-16 EJECTION SEATS
- (3) F-16 TEST BENCHES FOR ENGINE TESTING
- (4) F-27 MARITIME PATROL AIRCRAFT FOR SURVEILLANCE OF EAST AND WEST COST MARITIME MISSILE RANGES

- (5) F-28 TRANSPORT AIRCRAFT TO REPLACE OBSOLETE CONVAIRS
- (6) 100 MEGAHERTZ G.P. OSCILLOSCOPES FOR ARMY ELECTRONIC
COMMAND FORT MONMOUTH
- (7) LICENSING AGREEMENT BETWEEN DUTCH VMF FIRM AND U.S.
MANUFACTURER TO PRODUCE MEDIUM-SPEED DIESEL PROPULSION
ENGINES FOR MILITARY SEA LIFT COMMAND.
- (8) VFW-614 PATROL AIRCRAFT FOR U.S. COAST GUARD (SEE
REFTEL A)
- (9) CONTROLLABLE PITCH SHIP PROPELLERS FOR U.S. NAVY WITH
DUTCH NAVY TO PROVIDE ITS OPERATING EXPERIENCE WITH
DUTCH LIPS PROPELLERS.

4. MOLKENBOER WOULD ALSO PLAN MEET WITH GENERAL DYNAMICS
REGARDING DUTCH-BLEGIAN-US CONSORTIUM TO BUILD LNG TANKERS
AND WITH U.S. MARITIME ADMINISTRATION AND DEPARTMENT OF
TRANSPORTATION REGARDING OPERATION OF DUTCH-BUILT OFFSHORE
OIL DRILLING PLATFORMS BY U.S. FIRMS ON U.S. CONTINENTAL
SHELF.

5. ACTION REQUESTED. WE WOULD APPRECIATE GUIDANCE AS TO
HOW WE SHOULD RESPOND TO DUTCH APPROACH INCLUDING WHETHER
(AND, IF SO, MANNER IN WHICH) BUY AMERICAN ACT WOULD IMPINGE
ON DUTCH OFFERS. IT ALSO APPEARS TO US THAT IT MIGHT BE
ADVISABLE TO SUGGEST THAT SOME OF THESE ISSUES SHOULD BE
HANDLED IN MULTILATERAL CONTEXT OF NATO STANDARDIZATION
AND/OR IN OECD EFFORTS TO ESTABLISH A CODE ON GOVERNMENT
PROCUREMENT PROCEDURES. IN ANY EVENT, WE WOULD HOPE THAT WE
MIGHT TAKE AS POSITIVE A LINE AS POSSIBLE WITH THE DUTCH IN
ORDER TO MAINTAIN A COOPERATIVE TWO-WAY ARRANGEMENT THAT
MOST LIKELY WOULD HELP US TO SELL MORE U.S. EQUIPMENT.
GOULD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DIPLOMATIC DISCUSSIONS, MILITARY SALES, BUSINESS FIRMS, INTERGOVERNMENTAL COOPERATION
Control Number: n/a
Copy: SINGLE
Draft Date: 14 NOV 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975THEHA05852
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750398-0789
From: THE HAGUE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751144/aaaabnjq.tel
Line Count: 145
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 THE HAGUE 5741, 75 STATE 266238
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 28 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 APR 2003 by BoyleJA>; APPROVED <29 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DUTCH INTEREST IN COMPETING FREELY TO SELL EQUIPMENT TO US AGENCIES
TAGS: EAIR, EWWT, MASS, MILI, MMOL, NL, US
To: STATE DOD
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006